

FCC ExParte

Pioneer Telephone Association, Inc.,

Totah Communications, Inc.,

and

Fred Williamson & Associates, Inc.

Revenues Per Line for certain LECs in Kansas and Oklahoma

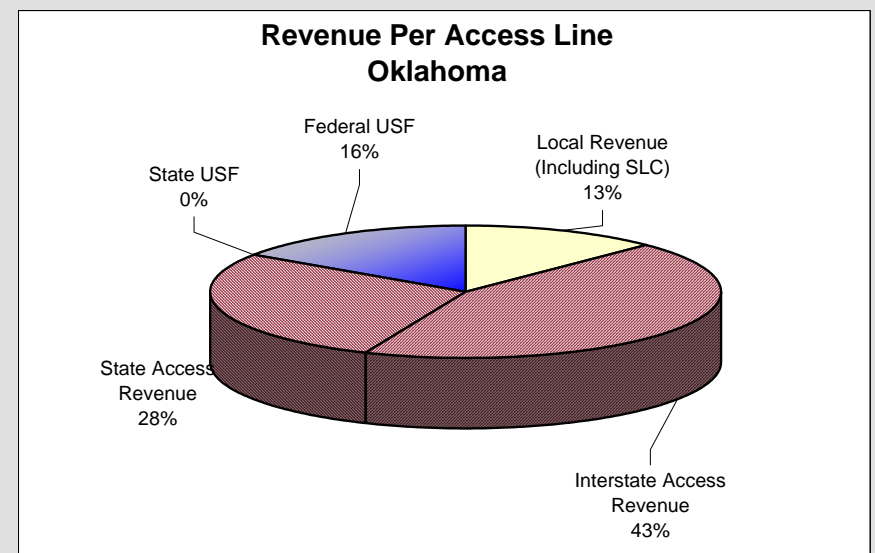
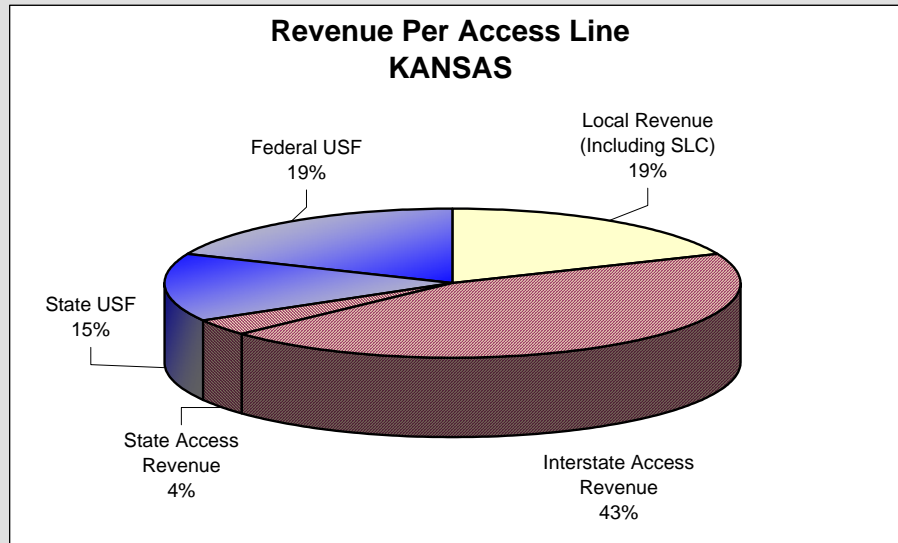
ExParte
Revenue Analysis

Description	KANSAS		
	Monthly Revenue Per Access Line		Monthly Originating Access Per Line
			Monthly Terminating Access Per Line

Local Revenue (Including SLC)	\$ 25.00	19%		
Interstate Access Revenue	\$ 60.00	43%	\$ 25.00	\$ 35.00
State Access Revenue	\$ 5.00	4%	\$ -	\$ 5.00
State USF	\$ 20.00	15%		
Federal USF	\$ 25.00	19%		
Total	\$ 135.00	100%		

	OKLAHOMA			
	Monthly Revenue Per Access Line		Monthly Originating Access Per Line	Monthly Terminating Access Per Line

	\$ 20.00	13%		
	\$ 70.00	43%	\$ 35.00	\$ 35.00
	\$ 45.00	28%	\$ 25.00	\$ 20.00
	\$ -	0%		
	\$ 25.00	16%		
	\$ 160.00	100%		



	<u>Kansas</u>	<u>Oklahoma</u>
Average Lines Per Square Mile:	3.9	6.4
% of Lines that are DSL Capable:	89%	86%

Summary

- **Oppose auctions for Universal Service support (CC Docket No. 96-46)**
 - Results in decisions that will harm universal service goals.
 - Appropriate criteria cannot be established and enforced.
 - Loss of USF by ROR ILEC would result in major and unaffordable increases in local rates.
 - Alternatives to auctions to curb USF growth are available.
- **Support adoption of the Missoula Plan (CC Docket No. 01-92)**
 - Generally eliminates distinctions between types of traffic (local reciprocal compensation, access, wireless, ISP-bound, VoIP) by reducing / unifying rates and thus reducing regulatory induced arbitrage – all pay for the use of the network.
 - Creates comprehensive call signaling rules to address phantom traffic and reduces arbitrage.
 - Significantly reduces disputes and litigations at the state and federal levels
 - Will provide major rate benefits / reductions to most consumers.
 - The Restructure Mechanism maintains revenues necessary to continue to place a universally available network in rural areas capable of providing advanced services at reasonable and affordable rate levels.
- **Missoula Plan Areas of Disagreement – our view**
 - The Restructure Mechanism is an access rate element, not a universal service mechanism.
 - At Step 1 of the Plan, use of the ISP-bound rate for ISP traffic should not automatically require the use of that rate for all other local traffic.
- **Separations Proceeding (CC Docket No. 80-286) – Extend the freeze with no changes.**
 - Maintains jurisdictional revenue and rate stability.
 - Advances the goal of deploying advanced services in rural areas.

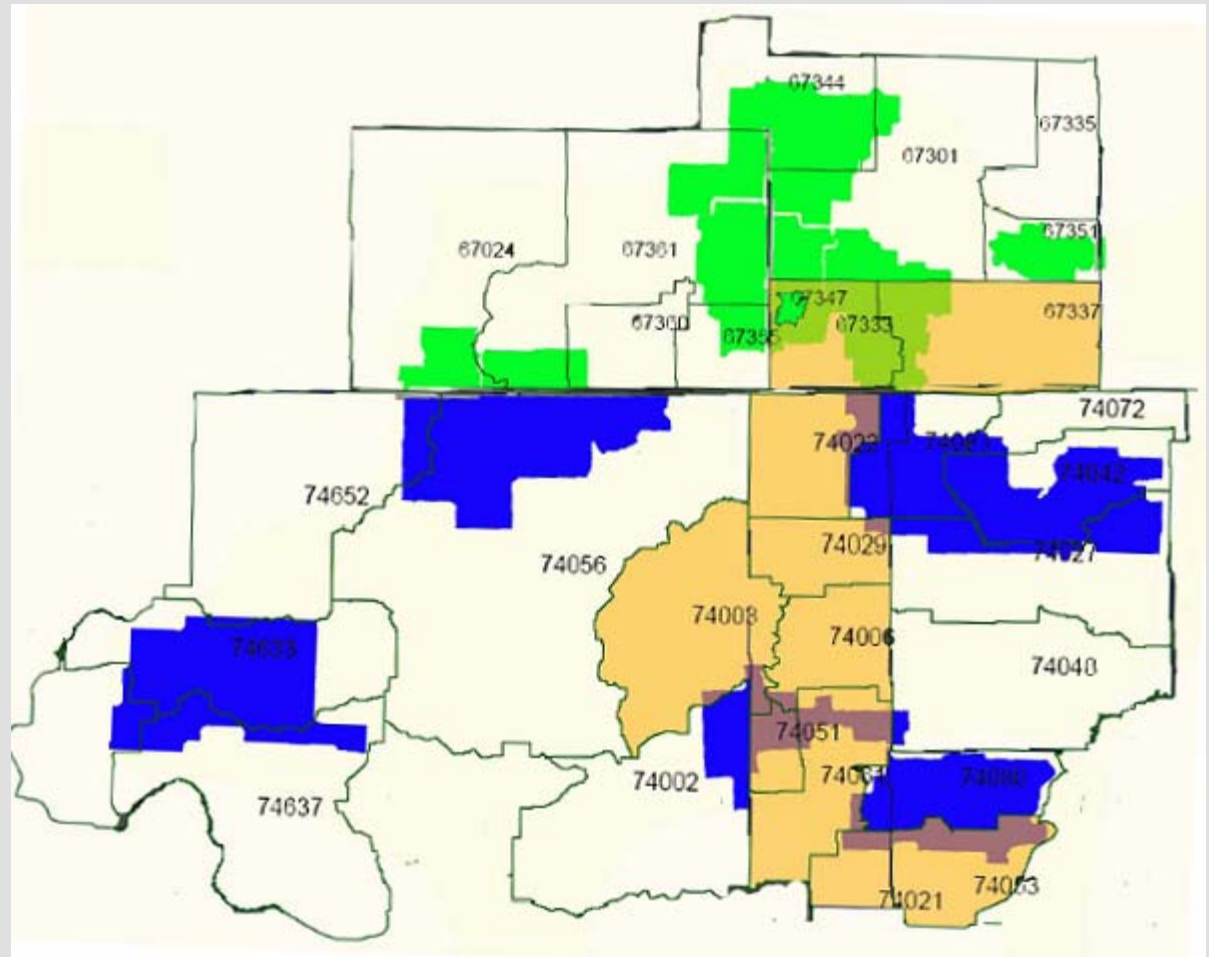
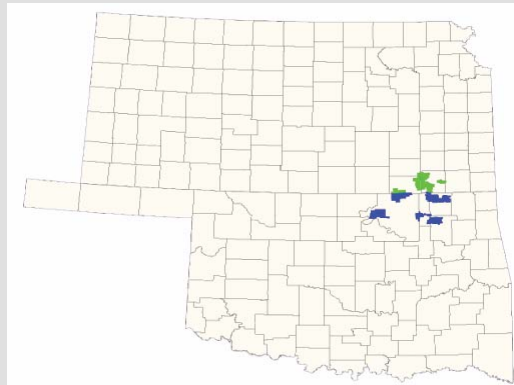
Universal Service Support Auctions

CC Docket No. 96-45


Auctions to determine (a) the level of Universal Service support and (b) the carrier to receive the support are inappropriate for the rural areas served rate of return ILECs:


- **Support is cost recovery that previously was included in access rates. This revenue simply cannot be taken in an auction without alternative cost recovery to insure a reasonable rate of return (For FWA clients, would raise local rates by \$25 per-month or interstate access rates by 7.5 cents/MOU).**
- **Inability to rely on specific, predictable and sufficient support will require rural ILECs to make decisions at odds with the universal service provisions of The Act (affordable rates and comparability of services):**
 - All investments, and in particular, investments in networks capable of providing advanced services will cease because there is no reasonable assurance that those costs will be recovered.
 - If auctions will possibly occur for rural ILECs in ten years, prudent business practices would require that depreciation rates be increased to recover all investments within the ten years. On the average, this would increase local rates by \$25 per-month for 10 years.
 - Assuming a rural LEC would continue to invest, reasonable cost loans will likely no longer be available.
- **Weak and unenforceable ETC requirements have caused multiple wireless ETCs in many areas and unexpected support funding increases. Like the ETC requirements, it is unlikely that appropriate auction requirements can or will be established. As a result, universal service for many areas will be lost.**


Totah Communications, Inc. T-Mobile Coverage Map



 Totah Communications, Inc.
Kansas Exchanges

 Totah Communications, Inc.
Oklahoma Exchanges

 Zip code
boundaries

 Cellular Coverage of Zip code
per website

Wireless Rate Plans

Carrier	Website	Basic Rate	Anytime Minutes	Additional MOU Rate	Activation Fee	Early Termination Fee
Cellular One	cellularone.com	\$29.99	300	\$0.40	\$35.00	\$200.00
US Cellular	uscc.com	\$29.99	300	\$0.49	\$0.00	\$150.00
Cingular	cingular.com	\$39.99	450	\$0.45	\$36.00	\$175.00
Sprint	sprint.com	\$29.99	200	*See footnote	\$36.00	\$200.00
Verizon	verizonwireless.com	\$39.99	450	\$0.45	\$35.00	\$175.00

* \$5.00 / for every 30 minutes up to 500 minutes. \$0.20 for each additional minute after that.

Universal Service Support Auctions

CC Docket No. 96-45

1. Alternatives to auctions to curtail unexpected support growth are available:

- **Establish specific and rigorous ETC requirements:**
 - Quality of service for Billing and Rate Issues, Service Quality, No Coverage, Fast Busy, Dropped Calls, Poor Sound Quality, Contract Issues, Issues Involving Marketing and Advertising, Equipment Issues.
 - Require full facilities-based coverage within five to seven years.
 - Require cost-based support.
 - Require that service plans that qualify for support provide at least 500 free minutes and have rates no higher than 110% of the ILEC's local rate.
- **Establish a process to review and enforce the ETC requirements.**
- **In areas where multiple ETCs do not exist, qualify only one wireless ETC on a going forward basis.**
- **In areas where multiple wireless ETCs have been allowed, determine which wireless ETC can best meet the revised ETC requirements, and phase out support for the others over a five year period.**

2. Change the basis for recovering support to a broad based recovery such as numbers and connections.

Missoula Plan Overview

Six year plan unifies intercarrier charges for majority of nation's lines and moves *all intercarrier rates for all traffic* closer together.

Some parts of the Plan are discretionary for States, all others are mandatory.

Tailors reform based on three categories of carrier, or *Tracks*.

Provides alternative sources for recovery through Federal SLC increases and a new Restructure Mechanism.

Establishes uniform default interconnection rules.

Addresses phantom traffic and other intractable industry disputes such as VoIP-to-PSTN compensation, Virtual FX and IntraMTA wireless compensation.

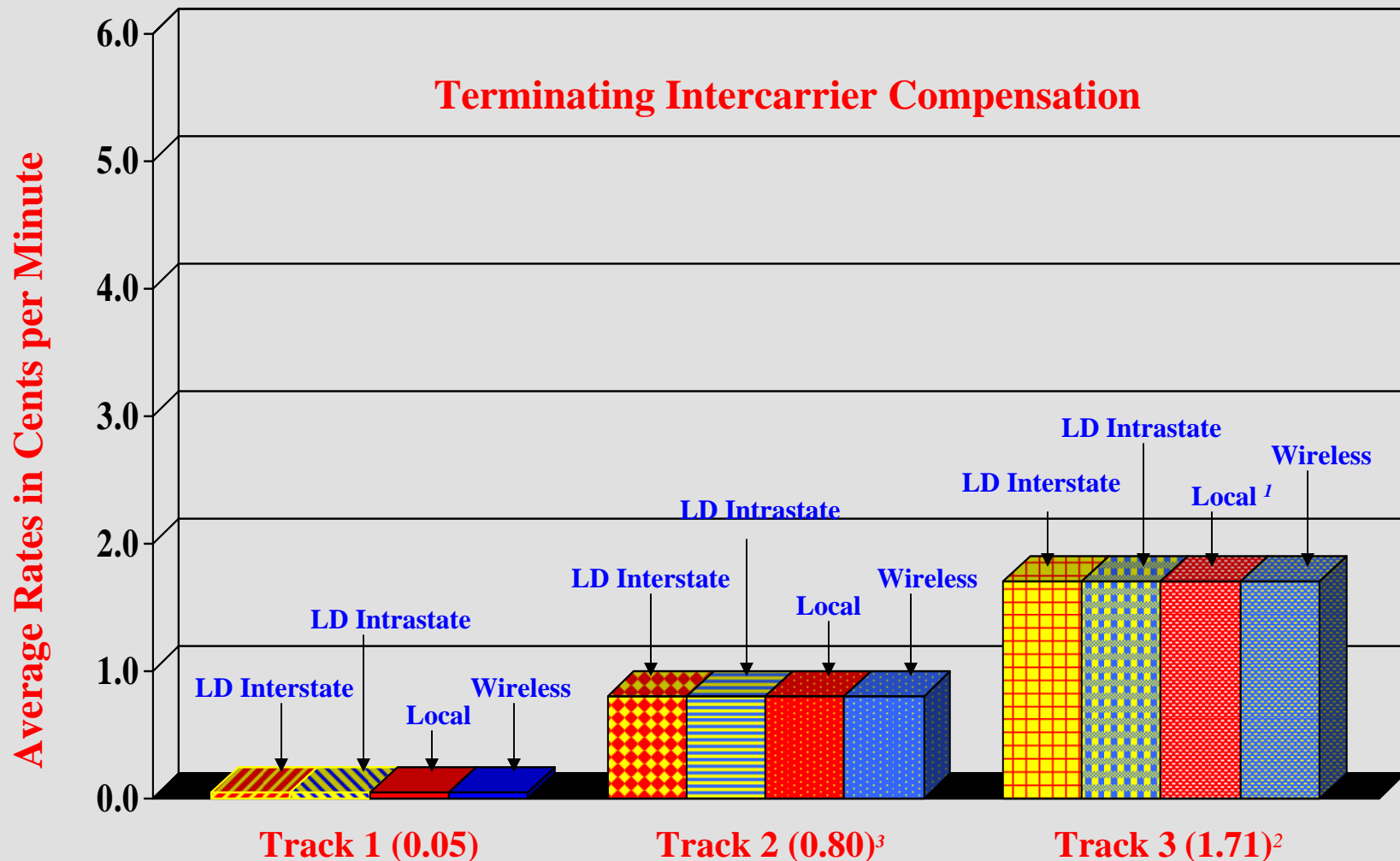
Requires NPRMs at Steps 4 and 6 to determine whether additional reform is appropriate.

Provides additional funding to: insulate Lifeline customers from SLC increases; **establish an Early Adopter Fund;** and increase certain high cost funding.

• Missoula Plan supporters have committed resources to work with State Commissioners to help size this Fund and determine how it should work when States have rebalanced intrastate access through state funds or local rate increases.

Creates an incentive regulation option for qualifying rate of return ILECs.

Missoula Plan Intercarrier Compensation Solution



1. Compensation for EAS traffic remains under existing arrangements.
2. Reciprocal compensation rates for 251(b)(5) traffic capped at interstate access rate levels. Access traffic capped at interstate access rate levels.
3. Assumes end office switching rate of 0.05 (same as Track 1 rate) and 0.75 for common transport and tandem switching.

Missoula Plan - Financial Overview

	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>
Dial No. 1 --- Intercarrier Rates			
Origination	\$0.0045	\$0.0095	\$0.0171
Termination	\$0.0005	\$0.0080	\$0.0171
Dial No. 2 --- End User Rates			
Interstate SLC cap inc	\$3.50/Ln/Mo	2.25/Ln/Mo	\$2.25/Ln/Mo
Dial No. 3 --- Restructure Mechanism		\$1.500B	

Restructure Mechanism	\$1.500B	\$0.21
Early Adopter	\$0.200B	\$0.03
Universal Service Fund Adjustments	\$0.525B	\$0.06
Additional Lifeline	\$0.225B	
High Cost Fund Adjustments	\$0.300B	
Total ICR Support	\$2.225B	\$0.30
Total ICR Support recovered with a monthly (per connection unit) charge		

Missoula Plan

Interconnection & Intercarrier Compensation

- **Promote carrier negotiations and reduce incentives for arbitration**
 - Generic default rules were established
 - Carriers are free to negotiate mutually agreeable alternative to the default rules
 - Default rules provide clear outcome if negotiations fail
- **Mitigate regulatory induced arbitrage**
 - Unify rates to the extent possible
 - Out of balance safeguards
 - Interim payment process established
- **Generic default rules were established**
 - Edges defined so carriers know their responsibility for payment for facilities used
- **Resolve long-standing and intractable Industry disputes**
 - Numbers (end to end) used to define local or toll
 - IntraMTA defined based on each carrier's local calling area - when local, dialing parity
 - Virtual NXX allowed, but Track 3 pays no transport
 - Out of balance safeguards.
- **Equalize differences between carrier networks – points of interconnection; responsibility for payment**
- **Minimize rearrangement of existing networks, but accommodate technology changes**

Missoula Plan

Phantom Traffic Solution

- **Missoula Plan establishes call signaling rules that apply to all communications service providers and traffic identification obligations to help expeditiously resolve disputes.**
 - With certain exceptions, every originating communications service provider must transmit the telephone number of the calling party to intermediate and terminating carriers
 - With certain exceptions, every intermediate communications service provider must transmit without alteration the telephone number information it receives from another provider
 - When a provider's switch is equipped with SS7, it shall utilize SS7 when interconnecting directly with another provider's switch that is equipped with SS7
- **Recommends an FCC enforcement structure designed to promote the timely review and resolution of phantom traffic disputes.**
- **Proposes development of an *industry-driven* framework for the uniform generation and exchange of call detail records.**
- **Establishes a transit rate that allows these records to be provided at no additional charge.**
- **Recommends an interim order, pending adoption of comprehensive intercarrier compensation reform that will:**
 - Implement the call signaling rules
 - Establish an interim process for the provision of call detail information and charges in certain circumstances